

# THE TORONTO STOCK EXCHANGE

## LISTING STATEMENT

### GRAFTON & CO. LIMITED

(An operating Company incorporated under The Ontario Companies Act by Letters Patent dated the 25th day of February, 1919, with subsequent Supplementary Letters Patent under the said Act dated the 7th day of October, 1927, and the 28th day of May, 1946.)

#### ORIGINAL LISTING:

#### 1. CAPITAL SECURITIES AS AT MAY 31st, 1946

STOCK	Par Value	Number of Shares			Listing Applied For
		Authorized	Issued	Outstanding	
Class "A".....	None	36,120	36,120	36,120	36,120
Class "B".....	None	36,120	36,120	36,120	36,120

Dundas, May 31st, 1946

Grafton & Co. Limited (hereinafter referred to as "The Company") hereby makes application for the listing on the Toronto Stock Exchange of:

36,120 Class "A" shares without nominal or par value, all of which will be outstanding in the hands of the public;

36,120 Class "B" shares without nominal or par value, all of which will be outstanding in the hands of the public.

All of the said Class "A" shares and all of the said Class "B" shares are fully paid and non-assessable, and no personal liability attaches to the holders thereof.

The duration of the Company's charter is not limited as to time.

#### 2. OPINION OF COUNSEL

Messrs. Jennings & Clute have passed on the legality of the organization of the Company and in their opinion the 36,120 Class "A" shares of no par value and the Class "B" shares of no par value of the Company have been validly issued and the said shares are fully paid and non-assessable. A copy of the opinion will be on file with The Toronto Stock Exchange.

#### 3. ORGANIZATION CAPITAL AND CHARTER CHANGES

The present Company was incorporated by Letters Patent under The Ontario Companies Act dated the 25th day of February, 1919, with an authorized capital of \$1,000,000.00 divided into 10,000 shares with a par value of \$100.00 each. By Supplementary Letters Patent dated the 7th day of October, 1927, the authorized capital of the Company was reduced to \$451,500.00 divided into 4,515 shares having a par value of \$100.00 each. By further Supplementary Letters Patent dated the 28th day of May, 1946, each such share of the capital stock of the Company was divided into 8 Class "A" shares without nominal or par value and 8 Class "B" shares without nominal or par value, having the rights, preferences, privileges and restrictions or limitations set forth in the said Supplementary Letters Patent. The capital stock of the Company therefore consists of 36,120 shares of Class "A" without nominal or par value and 36,120 shares of Class "B" without nominal or par value and each fully paid and non-assessable.

#### 4. HISTORY AND BUSINESS OF THE COMPANY

The business was originally established in 1853 as a partnership under the name of Gregson & Grafton. In 1858 the name was changed to J. B. & J. S. Grafton when J. S. Grafton joined his brother, J. B. Grafton, the founder. Grafton & Company Limited was incorporated to take over the partnership business, and in 1919, upon a reorganization, the present company, Grafton & Co., Limited, was incorporated as a private company. The Company was converted into a public company by Supplementary Letters Patent 28th May, 1946.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.



Grafton & Co., Limited, operates under satisfactory leases seven stores located in Dundas, Owen Sound, Peterborough, Hamilton, London, Brantford and Woodstock. All of the Company's premises are well located and are up to date and modern in every respect. Each store retails men's and boys' furnishings and ready-to-wear clothing and maintains as well a "special order" department for custom made clothing. In addition, the Dundas store retails dry goods and ladies' ready-to-wear clothing. The Company also operates at Dundas, in leased premises, a modern factory for the manufacture of men's suits and overcoats and boys' clothing which are sold direct from maker to wearer through the Company's stores. The name "Grafton" has been highly regarded in all the communities which the Company serves and in the trade.

The business has been continuously under the direction of a member of the Grafton family, Mr. Stewart Philp, the President and General Manager, being a grand-nephew of the founder. The operations of the individual stores are in the hands of managers who have been associated with the Company for many years.

Mr. Stewart Philp, President and General Manager of the Company, has agreed with A. E. Ames & Co. Limited to retain under his control a majority of the Class "B" shares of the Company for a period of at least five years from June 15, 1946, and will use his holdings of Class "B" shares to insure as far as possible his continuing in his present capacity for the same period. Mr. Philp has also agreed that as far as he is able to control the matter no dividends on Class "B" shares will be paid without the consent of A. E. Ames & Co. Limited for a period of three years from June 15, 1946.

## 5. STOCK PROVISIONS AND VOTING POWERS

### *Class "A" Shares—*

- (a) Specified dividend rate — One Dollar (\$1.00) per share per annum.
- (b) Cumulative.
- (c) Dividend dates — The 15th days of March, June, September and December in each year commencing with the 15th day of September, 1946.
- (d) Extent of participation in additional dividend payments — None.
- (e) The holders of Class "A" shares shall be entitled to receive an amount equal to all accrued and unpaid dividends thereon whether or not earned or declared before any distribution of assets shall be made to the holders of Class "B" shares or shares of any other class junior to the Class "A" shares; thereafter the holders of Class "A" shares and the holders of Class "B" shares shall be entitled to share equally share for share in the distribution of the assets of the Company.
- (f) The Class "A" shares are not subject to redemption.
- (g) Convertibility — Each Class "A" share is convertible, at the option of the registered owner, at any time into one fully paid and non-assessable Class "B" share; provided that if the number of outstanding Class "B" shares shall at any time be increased or decreased as a result of any consolidation or sub-division of the Class "B" shares or as a result of any stock dividend on the Class "B" shares, the number of Class "B" shares into which each Class "A" share shall be convertible shall be increased or decreased proportionately.
- (h) Voting power — The holders of the Class "A" shares shall not be entitled (except as herein specifically provided) to vote at any meeting of the shareholders of the Company unless and until the Company shall have failed to pay six (6) quarterly dividend instalments, whether consecutive or not and whether or not earned or declared, whereupon the holders of the Class "A" shares shall become entitled to one (1) vote for each such share held by them. Upon all such arrears of dividends being paid and the then quarterly dividend instalment being declared and set apart, the holders of the Class "A" shares shall no longer be entitled to any voting rights (except as herein specifically provided) unless the Company shall again make default in the payment of six (6) quarterly dividend instalments as aforesaid, and so on from time to time. The holders of the Class "A" shares shall not be entitled to receive notice of or attend any meetings of the shareholders of the Company except those at which they are entitled to vote.
- (i) There is no other special provision, right or privilege.

### *Class "B" Shares—*

- (a) No specified dividend rate. No dividend shall be declared or paid on or set apart for the Class "B" shares or any other class junior to the Class "A" shares unless all accrued cumulative dividends on the Class "A" shares then outstanding shall have been declared and paid or provided for at the date of such declaration or payment of setting apart.
- (b) Not cumulative.
- (c) Dividend dates — None.
- (d) Entitled to dividends as and when declared by the Board of Directors after provision for dividends on Class "A" shares.
- (e) After the provision for the Class "A" shares set forth in (e) under the heading "Class 'A' Shares," the holders of Class "A" shares and the holders of Class "B" shares shall be entitled to share equally share for share in the distribution of the assets of the Company.
- (f) The Class "B" shares are not subject to redemption.
- (g) Convertibility — None.
- (h) Voting Power — The holders of Class "B" shares shall alone be entitled to notice of meetings of shareholders of the Company except under the provision set forth in the paragraph lettered (h) under the heading "Class 'A' Shares" herein. At all meetings of the shareholders of the Company the holders of Class "B" shares are entitled to one vote for each such share held by them.



6.	DIVIDENDS		
	May 13th, 1936	3%	\$13,545.00
	May 26th, 1937	4%	18,060.00
	June 7th, 1938	5%	22,575.00
	May 31st, 1939	3%	13,545.00
	June 6th, 1940	5%	22,575.00
	June 17th, 1941	5%	22,575.00
	June 24th, 1942	5%	22,575.00
	June 23rd, 1943	5%	22,575.00
	June 14th, 1944	5%	22,575.00
	June 12th, 1945	6%	27,090.00
	May 31st, 1946	equal to 7½%	33,862.50

7. PROPERTIES  
 The Company does not own any real estate, occupying in all cases leased premises. It does own all the fittings and furnishings of its head office and branch stores; also the plant, machinery and equipment of its factory in the Town of Dundas.

8. SUBSIDIARY COMPANIES  
 None.

9. FUNDED INDEBTEDNESS  
 None.

10. OPTIONS AND UNDERWRITINGS  
 There are no outstanding underwritings, options or sale agreements; nor are there any unissued shares, bonds or other securities.

11. LISTING ON OTHER STOCK EXCHANGES  
 None.

12. SECURITY COMMISSION REGISTRATION  
 Prospectus being filed by A. E. Ames & Co. for the applicants on June 6th, 1946.

13. FISCAL YEAR  
 The fiscal year of the Company ends on the 31st day of January in each year.

14. ANNUAL MEETING  
 The annual meeting held at the Head Office in the Town of Dundas, Ontario, on such date and at such hour as the Board of Directors may from time to time determine.

15. HEAD OFFICE  
 The Head Office is at the Town of Dundas, Ontario.

16. TRANSFER AGENT AND REGISTRAR  
 The Canada Permanent Trust Company, 320 Bay Street, Toronto.

17. TRANSFER FEES  
 No fee is charged on stock transfers other than the customary government stock transfer charges.

18. AUDITORS  
 Auditors — Thorne, Mulholland, Howson & McPherson, 85 Richmond Street West, Toronto.

19. OFFICERS  
 After June 5th, 1946, the officers will be:  
 President.....Stewart Philp  
 Vice-President.....Grafton Philp  
 Secretary-Treasurer.....(Miss) Florence G. Cockburn

20. DIRECTORS  
 After June 5th, 1946, the Directors will be:  
 Stewart Philp, 45 Melville Street, Dundas, Ontario.  
 Grafton Philp, now of 1632 Irving Avenue, Glendale, California, U.S.A.  
 J. A. MacLennan, Company Executive, 5 Melville Street, Dundas, Ontario.  
 Joseph F. Hickey, Company Executive, 462 Wellington Street, London, Ontario.  
 William Tighe, Company Executive, 305 7th Street East, Owen Sound, Ontario.  
 W. C. Hughes, Company Executive, 14 Charles Street, Peterboro, Ontario.  
 L. E. Conway, Company Executive, 54 Dufferin Avenue, Brantford, Ontario.  
 John B. Ridley, Director, A. E. Ames & Co. Limited, 379 Walmer Rd., Toronto, Ontario.



## CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

Dated at Dundas this 31st day of May, 1946.



GRAFTON & CO. LIMITED

"STEWART PHILP," *Vice-President.*

"F. G. COCKBURN," *Secretary-Treasurer.*

## FINANCIAL STATEMENTS

### BALANCE SHEET AS OF FEBRUARY 20, 1946

#### ASSETS

##### Current:

Cash on hand and in banks.....	\$ 54,181.12	
Investment in Dominion of Canada bonds (approximate market value \$286,875.00).....	275,000.00	
Accounts receivable less reserve.....	20,748.65	
Advances on account of employees' subscriptions to Victory Loan.....	22,509.50	
Inventories valued at the lower of cost or market as determined and certified by the management.....	480,603.90	
Total Current Assets.....		\$ 853,043.17

##### Fixed:

Machinery, furniture and equipment.....	\$119,019.90	
Less reserve for depreciation.....	50,845.02	
		68,174.88

##### Other:

Refundable portion of excess profits tax.....		107,000.00
Prepaid expenses and accrued revenue.....		9,930.08
		<u>\$1,038,148.13</u>

#### LIABILITIES

##### Current:

Accounts payable and sundry creditors.....	\$ 43,176.16	
Provision for taxes on income.....	115,000.00	
Reserve for dividend to shareholders payable May 31, 1946.....	33,862.50	
Total Current Liabilities.....		192,038.66

##### Capital and Surplus:

Capital Stock—4,515 common shares of \$100.00 par value each, authorized and issued.....	\$451,500.00	
Surplus.....	394,609.47	846,109.47
		<u>\$1,038,148.13</u>

The Directors,  
Grafton & Co., Limited,  
Dundas, Ontario.

We have examined the above balance sheet of Grafton & Co., Limited, as of February 20, 1946, and report that, in our opinion, it has been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at that date according to the best of our information and the explanations given us and after giving effect to the sale of marketable securities for \$127,299.83 and the payment to the Company of advances made to another Company of \$23,393.31—such sale and payment having been completed since February 20, 1946.

(Signed) THORNE, MULHOLLAND, HOWSON & McPHERSON,

Toronto, Canada, June 3, 1946.

*Chartered Accountants.*

# PRO FORMA BALANCE SHEET AS OF FEBRUARY 20, 1946

<sup>1</sup>After giving effect, as of that date, to the granting of Supplementary Letters Patent, dated May 28, 1946, sub-dividing the 4,515 authorized and issued common shares (par value \$100.00 each) into 36,120 Class "A" shares and 36,120 Class "B" shares, both classes without nominal or par value.

## ASSETS

### Current:

Cash on hand and in banks.....	\$ 54,181.12	
Investment in Dominion of Canada bonds (approximate market value \$286,875.00).....	275,000.00	
Accounts receivable less reserve.....	20,748.65	
Advances on account of employees' subscription to Victory Loan.....	22,509.50	
Inventories valued at the lower of cost or market as determined and certified by the management.....	480,603.90	
Total Current Assets.....	—————	\$ 853,043.17

### Fixed:

Machinery, furniture and equipment.....	\$119,019.90	
Less reserve for depreciation.....	50,845.02	68,174.88

### Other:

Refundable portion of excess profits tax.....	107,000.00	
Prepaid expenses and accrued revenue.....	9,930.08	
		<u>\$1,038,148.13</u>

## LIABILITIES

### Current:

Accounts payable and sundry creditors.....	\$ 43,176.16	
Provision for taxes on income.....	115,000.00	
Reserve for dividend to shareholders payable May 31, 1946.....	33,862.50	
Total Current Liabilities.....	—————	\$ 192,038.66

### Capital and Surplus:

Capital Stock:—Authorized and Issued:

36,120 Class "A" shares carrying a cumulative preferential dividend of \$1.00 per share per annum and con- vertible share for share into Class "B" shares	} .....	\$451,500.00
36,120 Class "B" shares		

Surplus.....	394,609.47	846,109.47
		<u>\$1,038,148.13</u>

The Directors,  
Grafton & Co., Limited,  
Dundas, Ontario.

We have examined the above pro forma balance sheet of Grafton & Co., Limited, as of February 20, 1946, and report that, in our opinion, it has been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at that date according to the best of our information and the explanations given us and after giving effect to the sale of marketable securities for \$127,299.83 and the payment to the Company of advances made to another Company of \$23,393.31—such sale and payment having been completed since February 20, 1946, and to the granting of Supplementary Letters Patent as outlined above.

(Signed) THORNE, MULHOLLAND, HOWSON & McPHERSON,

Toronto, Canada, June 3, 1946.

Chartered Accountants.




# TEN YEAR STATEMENT OF EARNINGS

We have examined the following statement of earnings of Grafton & Co., Limited, and report that, in our opinion, subject to the footnotes thereto, it fairly presents the earnings of the Company for the ten years ended February 20, 1946.

Year ended in February	Earnings on operations before depreciation and taxes on income	Provision for depreciation	Provision for taxes on income at the rates in effect during the respective years (including refundable portion)	Net earnings (excluding estimated refundable portion of taxes)	Estimated refundable portion of taxes
1937.....	\$ 18,936.22		\$ 4,057.02	\$14,879.20	
1938.....	44,366.44		7,288.11	37,078.33	
1939.....	69,378.43		12,495.32	56,883.11	
1940.....	74,326.99	\$ 584.71	17,481.41	56,260.87	
1941.....	114,826.08	1,921.72	57,599.66	55,304.70	
1942.....	135,909.86	3,161.15	61,232.93	71,515.78	
1943.....	226,305.59	3,516.14	161,620.62	61,168.83	\$18,652.20
1944.....	204,041.02	3,924.09	153,652.31	46,464.62	22,539.30
1945.....	238,083.67	5,383.77	181,337.01	51,362.89	29,308.50
1946.....	304,281.84	9,655.69	234,000.00	60,626.15	36,500.00

As the cost of all machinery, furniture and equipment had been fully depreciated prior to 1937 these items were carried on the books at nominal values. The above charges for depreciation are those on machinery, furniture and equipment acquired since that date at maximum allowable rates.

(Signed) THORNE, MULHOLLAND, HOWSON & McPHERSON,  
 Toronto, Canada, June 3, 1946. Chartered Accountants.



Digitized by the Internet Archive  
in 2025 with funding from  
University of Alberta Library

[https://archive.org/details/Graf5737\\_1946](https://archive.org/details/Graf5737_1946)

